

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 IO-13 ISO-00 EURE-00 SP-02 AID-05 EB-07

NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

USIE-00 SSO-00 INRE-00 CIAE-00 COME-00 FRB-01 INR-07

NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 /100 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 0230

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY OTTAWA

AMEMBASSY PAIRS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMCONSUL MILAN

AMCONSUL NAPLES

AMCONSUL PALERMO

AMCONSUL GENOA

AMCONSUL FLORENCE

AMCONSUL TRIESTE

AMCONSUL TURIN

USMISSION GENEVA USDEL MTN GENEVA

AMEMBASSY GENEVA

UNCLAS ROME 15907

MANILA PASS SECREATRY SIMON PARTY FOR WIDMAN; STATE PASS FRB

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: CABINET APPROVES FORECAST AND PLANNING REPORT FOR 1977

1. ON EVENING SEPTEMBER 28, CABINET APPROVED 1977 FORECAST AND PLANNING REPORT. AS IN PAST YEARS, REPORT DESCRIBES CURRENT STATUS OF ITALIAN ECONOMY AND MAKES SOME FORECASTS FOR FOLLOWING YEAR. INNOVATION THIS YEAR IS ATTACHMENT OF GOI ACTION PROGRAM WHICH DESCRIBES ECONOMIC POLICIES TO BE PURSUED DURING 1977. ALTHOUGH REPORT WAS APPROVED SEPTEMBER 28, CABINET HAS DESIGNATED RESTRICTED GROUP OF MINISTERS, HEADED BY PRIME MINISTER, TO COMPLETE TEXT OF ACTION PROGRAM NO LATER THAN THURSDAY, SEPTEMBER 30, ON WHICH DATE REPORT MUST BE SUBMITTED TO PARLIAMENT.

2. ALTHOUGH TEXT OF REPORT WILL APPARENTLY NOT BE AVAILABLE BEFORE SEPTEMBER 30 OR OCTOBER 1, THERE HAVE BEEN SOME PRESS LEAKS OF FIRST PART OF REPORT CONCERNING CURRENT GOI ESTIMATES OF ECONOMIC VARIABLES FOR 1976 AND 1977. MOST INTERESTING FIGURES ARE FOR GROWTH AND INFLATION. GOI CURRENT ESTIMATE OF REAL GROWTH (GDP IN 1970 LIRE) IS FOR INCREASE OF 4.5 PERCENT THIS YEAR (COMPARED TO EARLIER ESTIMATE OF 1.5 PERCENT). PRICE RISES WOULD BE IN RANGE 15-16 PERCENT RATHER THAN EARLIER FORECAST OF 18-20 PERCENT. CURRENT ACCOUNT DEFICIT OF BALANCE OF PAYMENTS IS FORECAST AT DLR2.5 BILLION. FOLLOWING IS SUMMARY TABLE OF NATIONAL INCOME ACCOUNTS FOR 1976.

3. GDP REAL TERMS (1970 LIRE)
(PERCENT CHANGE)

	1975	1976
PRIVATE CONSUMPTION	-1.8	3.5
PUBLIC CONSUMPTION	0.8	2.4
GROSS FIXED INVESTMENTS	-12.7	-2.1
EXPORTS OF G AND S	3.1	11.0
IMPORTS OF G AND S	-10.0	10.0

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GDP MARKET PRICES -3.7 4.5

E - ESTIMATE

4. ONE FINANCIAL DAILY GIVES 1977 ESTIMATED GROWTH AT 2 TO 3 PERCENT. PRESS INDICATES THIS FIGURE WAS CALCULATED THROUGH USE OF THREE SEPARATE ECONOMETRIC MODELS OF THE BANK OF ITALY, THE INSTITUTE OF NATIONAL STATISTICS (ISTAT), AND

THE UNIVERSTIY OF BOLOGNA.VOLPE

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